

Message Text

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43

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 DRC-01 FEAE-00 /166 W

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R 201335Z SEP 74

FM AMCONSUL EDINBURGH

TO AMEMBASSY LONDON

INFO SECSTATE WASHDC 671

UNCLAS EDINBURGH 126

E.O. 11652: N/A

TAGS: ECON, EFIN

SUBJECT: TITANIC PROBLEM

THE MOST FORMIDABLE MENACE IN THESE WATERS IS LIQUIDITY.
TWO CONVERSATIONS YESTERDAY REVEALED THE DIMENSIONS OF THE
PROBLEM:

(A) ACCORDING TO A PROMINENT EDINBURGH BANKER, MORGAN GUARANTEE
HAS FORCED ITS INTERNATIONAL PARTNERS TO REFINANCE A
\$120-MILLION SEMI-SUBMERSIBLE VIKING PLATFORM TO ENSURE ONE
HUNDRED PERCENT CASH COVERAGE. THIS IS REPORTEDLY TYPICAL
OF THE INCREASED DEMAND ON BANKS HERE FOR RISK CAPITAL,
FORMERLY SUPPLIED BY THE OIL COMPANIES THEMSELVES, AND THE
DIMINISHED SUPPLY, WHICH PLACES DEVELOPMENT OF HIGH-COST
NORTH SEA OIL IN A VICE, ATTRACTIVE PRESUMABLY ONLY TO OPEC;

(B) ACCORDING TO A PROMINENT TRADE UNION OFFICIAL IN GLASGOW,
HIS PHONE IS RINGING WITH CRIES FROM UNIONISTS IN SMALL
INDUSTRIES WHOSE CREDIT HAS BEEN CUT OFF AS THE MOST EXPENDABLE
APPENDAGES OF LARGER CREDIT-SQUEEZED ENTERPRISE.

COMMENT: TO THE EXTENT THIS SAMPLING IS TYPICAL OF WHAT
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LIES AHEAD, WE MAY BE IN FOR HEAVY WINTRY POLITICAL AND ECONOMIC

SEAS.
FUNKHOUSER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, LIQUIDITY (MONETARY), CREDIT CONTROLS
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Draft Date: 20 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Film Number: D740265-0056
From: EDINBURGH
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Legacy Key: link1974/newtext/t19740929/aaaaaxxh.tel
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Previous Handling Restrictions: n/a
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Review Comment: n/a
Review Content Flags:
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Review Event:
Review Exemptions: n/a
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Review Markings:

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US Department of State
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30 JUN 2005

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To: LONDON
Type: TE
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